

BY

Manfred T. Juan
Brown Ijeda Jucio

S B No. 1195

A BILL TO BE ENTITLED

AN ACT

relating to financial assistance for colonias household plumbing improvements.

SECTION 1. Chapter 15, Water Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. PLUMBING LOAN FUND

Section 15.701. Creation of Fund. The Plumbing Loan Fund is created, to be administered by the board under this subchapter and under rules adopted by the board. The fund shall be used to provide loans to political subdivisions which then will make loans to individuals in colonias for plumbing improvements.

Section 15.702. Definitions. In this subchapter:

(1) "Colonia" means an area located within Cameron, Hidalgo, Zapata, Starr, Webb, Maverick, Val Verde, Terrell, Brewster, Presidio, Hudspeth or El Paso counties in which households do not have water or wastewater facilities meeting minimum state standards as established by the Texas Department of Health, or Texas Water Commission.

(2) "Financial assistance" means loans provided by the board to political subdivisions, which in turn must use the money to make below-market loans to individuals for plumbing improvements in colonias.

(3) "Fund" means Plumbing Loan Fund.

1 (4) "Plumbing improvements" includes:

2 (A) connecting residences to water distribution
3 systems;

4 (B) providing yard service connections;

5 (C) providing indoor plumbing facilities;

6 (D) connecting residents to sewer collection
7 systems, or providing suitable on-site waste water disposal
8 systems to enable residences to meet applicable county or city
9 code requirements;

10 (E) associated retrofits and building
11 deficiencies that will allow plumbing to be installed; and

12 (F) necessary connection fees, design costs, and
13 applicable permit fees.

14 (5) "Political subdivision" means a county,
15 municipality, non-profit member-owned, member-controlled water
16 supply corporation organized and operating under Chapter 76, Acts
17 of the 43rd Legislature, 1st called Session, 1933 (Texas Civil
18 Statutes Article 1434a), or a district or authority created and
19 operating under Texas Constitution Article III, Section 52, or
20 Article XVI, Section 59.

21 Section 15.703. Creation and Administration of Program.

22 (a) The fund is held separately from other funds by the
23 board outside the State Treasury to provide financial assistance
24 to political subdivisions.

25 (b) The board may execute agreements with the Environmental
26 Protection Agency or any other federal agency to establish and

1 administer the fund and may discharge the duties and
2 responsibilities required for the administration of the fund.

3 (c) The fund consists of money derived from federal grants,
4 investment earnings on amounts credited to the fund, and, at the
5 board's discretion, from any and all sources available.

6 (d) Repayments of loans made to political subdivisions from
7 the fund shall be deposited to the fund. At the direction of the
8 Governor of the State of Texas, any money in the fund may be
9 transferred into the State Water Pollution Control Revolving
10 Fund, created by Section 15.601 of this code.

11 (e) The fund shall be available in perpetuity for providing
12 financial assistance under this subchapter, except to the extent
13 that the fund may be reduced or eliminated pursuant to this
14 subchapter.

15 (f) The board shall administer the fund in the manner
16 provided by state law, rules of the board, and any federal
17 requirements imposed as a result of a grant of money to the fund.

18 (g) The fund and any accounts established in the fund shall
19 be kept and maintained by or at the direction of the board and do
20 not constitute and are not a part of the State Treasury.
21 However, at the direction of the board, the fund or accounts in
22 the fund may be kept and held in escrow and in trust by the State
23 Treasurer for and on behalf of the board, shall be used only as
24 provided by this subchapter, and pending such use shall be
25 invested in authorized investments as provided by any order,
26 resolution, or rule of the board. Legal title to money and

1 investments in the fund is in the board unless or until paid out
2 as provided by this subchapter or rules of the board. The State
3 Treasurer, as custodian, shall administer the funds strictly and
4 solely as provide by this subchapter and in the orders,
5 resolutions, and rules of the board, and the state shall take no
6 action with respect to the fund other than that specified in this
7 subchapter, the federal agreement, and the rules of the board.

8 Section 15.704. Financial Assistance Under the Fund. The
9 Board may use the fund to:

10 (1) provide financial assistance to political
11 subdivisions; and

12 (2) for the reasonable costs of administering the
13 fund, including providing administrative expenses to political
14 subdivisions.

15 Section 15.705. Submission and Approval of Application.

16 (a) Political subdivisions may submit applications for
17 financial assistance to the board under the terms and conditions
18 established by the board in its rules. The application must:

19 (1) provide the legal name of the applicant and
20 authority of laws under which it was created;

21 (2) describe the methods for incorporating water
22 conservation into the provision of water and wastewater service
23 in the project area;

24 (3) provide a map showing the location of the project
25 area;

26 (4) describe the plan to provide plumbing improvements

1 to the project area;

2 (5) provide other information as required by board
3 rules.

4 (b) The board may provide financial assistance under this
5 subchapter only in areas where the county and, if the applicant
6 is a city, the city, has adopted the model rules pursuant to
7 Section 16.343 of this code.

8 (c) The board may provide financial assistance only in
9 those areas where a political subdivision has been designated as
10 an authorized agent of the Texas Department of Health pursuant to
11 Chapter 366, Health and Safety Code.

12 (d) Before the board approves an application for financial
13 assistance under this subchapter, it must find that the political
14 subdivision is capable of financially managing a loan program to
15 individuals and that the public interest will be served by the
16 financial assistance.

17 (e) The board shall determine and provide for the lending
18 rates to be charged political subdivisions on loans from the
19 fund.

20 Section 15.706. Political Subdivision Administration of
21 Program and Repayment.

22 (a) A political subdivision receiving financial assistance
23 under this subchapter shall make loans to individuals for
24 plumbing improvements in colonias at no interest rate or at
25 interest rates less than current market rates.

26 (b) A political subdivision shall use all reasonable means

1 to collect payments on loans, and shall make repayments of its
2 loan from the board from such collections. To the extent the
3 political subdivision does not receive collections from the
4 individual loans it makes, it need not repay the board for the
5 loan provided by the board. If the board believes the political
6 subdivision is not using reasonable means to obtain repayment of
7 such loans, it may seek any legal means, including mandamus
8 action in the district court of Travis County, to make the
9 political subdivision collect payments of the loans to
10 individuals.

11 15.707. Rules. The board shall adopt necessary rules to
12 carry out this subchapter.

13 SECTION 2. The importance of this legislation and the
14 crowded condition of the calendars in both houses create an
15 emergency and an imperative public ;necessity that the
16 constitutional rule requiring bills to be read on three several
17 days in each house be suspended, and this rule is hereby
18 suspended, and that this Act take effect and be in force from and
19 after its passage, and it is so enacted.

By: Montford, Barrientos, Truan S.B. No. 1195
(In the Senate - Filed March 8, 1991; March 12, 1991, read first time and referred to Committee on Finance; April 16, 1991, reported adversely, with favorable Committee Substitute by the following vote: Yeas 9, Nays 0; April 16, 1991, sent to printer.)

COMMITTEE VOTE

	Yea	Nay	PNV	Absent
Montford	x			
Barrientos	x			
Armbrister	x			
Bivins				x
Brooks	x			
Haley				x
Johnson	x			
Parker				x
Ratliff	x			
Sims				x
Tejeda	x			
Truan	x			
Turner	x			

COMMITTEE SUBSTITUTE FOR S.B. No. 1195

By: Montford

A BILL TO BE ENTITLED
AN ACT

relating to the creation and administration of a loan program to assist residential plumbing improvements in certain economically distressed areas.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 15, Water Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. PLUMBING IMPROVEMENT LOANS

Sec. 15.731. DEFINITIONS. In this subchapter:

(1) "Fund" means the plumbing loan fund.

(2) "Plumbing assistance loan" means a loan provided by the board to a political subdivision for the political subdivision's plumbing improvement loan program.

(3) "Plumbing improvement loan" means a loan provided by a political subdivision to an individual under this subchapter.

(4) "Political subdivision" means a county, a municipality, a nonprofit member-owned, member-controlled water supply corporation organized and operating under Chapter 76, Acts of the 43rd Legislature, 1st Called Session, 1933 (Article 1434a, Vernon's Texas Civil Statutes), or a district or authority created and operating under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution.

(5) "Water conservation" has the meaning assigned by Section 17.921 of this code.

Sec. 15.732. PLUMBING LOAN FUND. (a) The plumbing loan fund is created.

(b) The fund is held separately from other funds outside the state treasury. The board shall keep and maintain the fund and any accounts established in the fund.

(c) At the direction of the board, the fund or accounts in the fund may be kept and held in escrow and in trust by the state treasurer for and on behalf of the board. If the fund or accounts in the fund are held in escrow and in trust by the state treasurer, the fund or accounts may be used only as provided by this subchapter and, pending their use, shall be invested in authorized investments as provided by any order, resolution, or rule of the board.

(d) Legal title to money and investments in the fund is in the board unless or until paid out as provided by this subchapter or rules of the board.

(e) The state treasurer, as custodian, shall administer the funds strictly and solely as provided by this subchapter and in the orders, resolutions, and rules of the board, and the state shall

take no action with respect to the fund other than that specified in this subchapter, an agreement made with the Environmental Protection Agency or another federal agency, applicable federal requirements, and the rules of the board.

Sec. 15.733. ADMINISTRATION AND OPERATION OF FUND. (a) The board shall administer the fund in accordance with state law, rules of the board, and any federal requirements imposed because of a grant of money to the fund by an agency of the federal government.

(b) The board may execute agreements with the Environmental Protection Agency or any other federal agency to establish and administer the fund and may discharge the duties and responsibilities required for the administration of the fund.

(c) The fund consists of money derived from federal grants, from earnings on the investment of money credited to the fund, and, at the board's discretion, from any other available source.

(d) The board shall deposit money received for repayment of a plumbing assistance loan made to a political subdivision in the fund.

(e) At the direction of the governor, any money in the fund may be transferred to the state water pollution control revolving fund under Subchapter J of this chapter.

(f) The fund remains available in perpetuity for providing loans under this subchapter, except to the extent that the fund may be reduced or eliminated as provided by this subchapter.

Sec. 15.734. USE OF FUND. The board may use money in the fund, unless prohibited by an agreement made with a federal agency under this subchapter, to:

- (1) make a plumbing assistance loan;
- (2) administer the fund; and
- (3) grant or lend money to a political subdivision to defray the political subdivision's expenses incurred in administering a plumbing improvement loan program.

Sec. 15.735. APPLICATION SUBMISSION AND APPROVAL. (a) A political subdivision located in the county of Brewster, Cameron, El Paso, Hidalgo, Hudspeth, Maverick, Presidio, Starr, Terrell, Val Verde, Webb, or Zapata in which residences do not have water or wastewater facilities that meet minimum standards established by the Texas Department of Health or the Texas Water Commission or in any other area designated by federal law to benefit from the fund may submit to the board an application for a plumbing assistance loan in accordance with rules adopted by the board. The application must include:

- (1) the legal name of the political subdivision and a citation to the law under which it operates and was created;
- (2) a description of the water conservation methods to be used in the provision of water and wastewater service in the area the political subdivision proposes to affect by its plumbing improvement loan program;
- (3) a map showing the location of the area the political subdivision proposes to affect by its plumbing improvement loan program;
- (4) a description of the subdivision's proposed plumbing improvement loan program; and
- (5) other information as required by board rule.

(b) The board may approve a plumbing assistance loan to a political subdivision only if the political subdivision is in a county that has adopted the model rules developed under Section 16.343 of this code. The board may approve a plumbing assistance loan to a municipality only if the municipality has adopted the model rules developed under Section 16.343 of this code.

(c) The board may approve a plumbing assistance loan to a political subdivision only if the political subdivision is or is in an area within the jurisdiction of an authorized agent of the Texas Department of Health under Subchapter C, Chapter 366, Health and Safety Code.

(d) The board may not approve an application for a plumbing assistance loan to a political subdivision unless the board finds that the political subdivision is financially capable of managing a plumbing improvement loan program and that the public interest will be served by the plumbing assistance loan.

(e) The board shall set interest rates to be charged to political subdivisions on plumbing assistance loans.

Sec. 15.736. POLITICAL SUBDIVISION PLUMBING IMPROVEMENT LOAN PROGRAM ADMINISTRATION; PLUMBING ASSISTANCE LOAN REPAYMENT. (a) A political subdivision that receives a plumbing assistance loan shall establish and administer a program to make plumbing improvement loans to individuals at an interest rate lower than the current market rate, including charging no interest.

(b) A political subdivision may use the proceeds from a plumbing assistance loan to make a plumbing improvement loan to be used to pay:

(1) costs to connect a residence to a water distribution system;

(2) costs to provide yard service connections;

(3) costs to provide a residence with indoor plumbing facilities and fixtures;

(4) costs of connecting a residence to a sewer collection system or of providing a residence with a suitable on-site wastewater disposal system for the residence to meet applicable county or municipal code requirements;

(5) costs of building improvements or correction of building deficiencies necessary to allow plumbing to be installed in a residence;

(6) necessary connection fees and permit fees; or

(7) necessary costs of design related to plumbing improvements.

(c) The political subdivision shall repay its plumbing assistance loan from the money it receives as repayment of plumbing improvement loans it has made. To the extent the political subdivision is unable to collect the payments on its plumbing improvement loans made from the proceeds of a plumbing assistance loan, the political subdivision is not obligated to repay a plumbing assistance loan.

(d) A political subdivision shall use all reasonable means to collect payments on plumbing improvement loans. The board may bring a mandamus action in a district court in Travis County or may use any other legal means to compel a political subdivision to take action to collect plumbing improvement loan payments.

Sec. 15.737. RULES. The board may adopt rules necessary to carry out this subchapter.

SECTION 2. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

* * * * *

Austin, Texas
April 16, 1991

Hon. Bob Bullock
President of the Senate

Sir:

We, your Committee on Finance to which was referred S.B. No. 1195, have had the same under consideration, and I am instructed to report it back to the Senate with the recommendation that it do not pass, but that the Committee Substitute adopted in lieu thereof do pass and be printed.

Montford, Chairman

**FAVORABLY AS SUBSTITUTED
SENATE COMMITTEE REPORT ON**

(SB) SCR SJR SR HB HCR HJR 1195
By Montford
(Author/Senate Sponsor)
4-15-91
(date of submission to Senate)

Lt. Governor Bob Bullock
President of the Senate

Sir:

We, your Committee on Finance, to which was referred the attached measure, have on 4-11-91, had the same under consideration and I am instructed to report it back with the recommendation (s) that it:

- (☒) do pass as substituted, and be printed
 (☒) the caption remained the same as original measure
 (☒) the caption changed with adoption of the substitute
 (☐) do pass as substituted, and be ordered not printed
 (☐) and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. (☒) yes (☐) no
 A revised fiscal note was requested. (☒) yes (☐) no
 An actuarial analysis was requested. (☐) yes (☒) no
 Considered by subcommittee. (☐) yes (☒) no

The measure was reported from Committee by the following vote:

	YEA	NAY	ABSENT	PNV
Montford, Chairman	<input checked="" type="checkbox"/>			
Barrientos, Vice-Chairman	<input checked="" type="checkbox"/>			
Armbrister	<input checked="" type="checkbox"/>			
Bivins			<input checked="" type="checkbox"/>	
Brooks	<input checked="" type="checkbox"/>			
Haley			<input checked="" type="checkbox"/>	
Johnson	<input checked="" type="checkbox"/>			
Parker			<input checked="" type="checkbox"/>	
Ratliff	<input checked="" type="checkbox"/>			
Sims			<input checked="" type="checkbox"/>	
Tejeda	<input checked="" type="checkbox"/>			
Truan	<input checked="" type="checkbox"/>			
Turner	<input checked="" type="checkbox"/>			
TOTAL VOTES	9	0	4	0

COMMITTEE ACTION

S260 Considered in public hearing
 S270 Testimony taken

[Signature]
COMMITTEE CLERK

[Signature]
CHAIRMAN

Paper clip the original and one copy of this signed form to the original bill along with TWO copies of the Committee Substitute
 Deliver one copy of this form to the Calendar Clerk, Room 218 Capitol
 Deliver one copy of this form to the Legislative Reference Library, Room 207B Capitol
 Retain one copy of this form for Committee files

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

April 10, 1991

**TO: Honorable John Montford, Chairman
Committee on Finance
Senate Chamber
Austin, Texas**

**IN RE: Senate Bill No. 1195
By: Montford**

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1195 (relating to financial assistance for colonias household plumbing improvements) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create the Plumbing Loan Fund, outside the state treasury to be administered by the Texas Water Development Board to provide loans to political subdivisions to allow them to make loans to individuals in colonias for plumbing improvements. The fund may also be used to pay for the reasonable costs of administering this program, including the administrative expenses of participating political subdivisions.

The fund would consist of money derived from federal, grants, investment earnings on amounts credited to the fund, and, at the board's discretion, from any and all available sources. Repayments of loans to political subdivisions from the fund shall be deposited to the fund. At the direction of the Governor, any money in the fund may be transferred into the State Water Pollution Control Revolving Fund.

Lending rates would be set by the board. A political subdivision receiving financial assistance shall make loans to individuals for plumbing improvements in colonias at no interest rate or at interest rates less than current market rates.

Political subdivisions would be required to use all reasonable means to collect payments on loans and shall make repayments of its loan to the board from such collections. To the extent the political subdivision does not receive collections from the individual loans it makes, it need not repay the board for the loan provided them.

Colonias are defined by the bill as those areas located within Cameron, Hidalgo, Zapata, Starr, Webb, Maverick, Val Verde, Terrell, Brewster, Presidio, Hudspeth or El Paso counties in which households do not have water or wastewater facilities meeting the minimum state standards as established by the Texas Department of Health.

The probable fiscal implication of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Administrative Cost to the State Out of the Plumbing Loan Fund</u>	<u>Probable Loans to Local Units of Government from the Plumbing Loan Fund</u>
1992	\$ 100,000	\$ 3,725,000
1993	100,000	3,725,000
1994	100,000	3,725,000
1995	100,000	3,725,000
1996	100,000	3,725,000

It is estimated 3 to 4% of the amount loaned to units of local governments would be used for administrative expenses.

Source: Texas Water Development Board; LBB Staff: JO, JWH, DF, JG, PA

By: Montford, et al.

S.B. No. 1195

~~Substitute the following for S.B. No. 1195:~~

~~By: Montford~~

~~C.S.S.B. No. 1195~~

A BILL TO BE ENTITLED

AN ACT

relating to the creation and administration of a loan program to assist residential plumbing improvements in certain economically distressed areas.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 15, Water Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. PLUMBING IMPROVEMENT LOANS

Sec. 15.731. DEFINITIONS. In this subchapter:

(1) "Fund" means the plumbing loan fund.

(2) "Plumbing assistance loan" means a loan provided by the board to a political subdivision for the political subdivision's plumbing improvement loan program.

(3) "Plumbing improvement loan" means a loan provided by a political subdivision to an individual under this subchapter.

(4) "Political subdivision" means a county, a municipality, a nonprofit member-owned, member-controlled water supply corporation organized and operating under Chapter 76, Acts of the 43rd Legislature, 1st Called Session, 1933 (Article 1434a, Vernon's Texas Civil Statutes), or a district or authority created and operating under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution.

(5) "Water conservation" has the meaning assigned by Section 17.921 of this code. $\frac{1}{4}$

1 Sec. 15.732. PLUMBING LOAN FUND. (a) The plumbing loan
2 fund is created.

3 (b) The fund is held separately from other funds outside the
4 state treasury. The board shall keep and maintain the fund and any
5 accounts established in the fund.

6 (c) At the direction of the board, the fund or accounts in
7 the fund may be kept and held in escrow and in trust by the state
8 treasurer for and on behalf of the board. If the fund or accounts
9 in the fund are held in escrow and in trust by the state treasurer,
10 the fund or accounts may be used only as provided by this
11 subchapter and, pending their use, shall be invested in authorized
12 investments as provided by any order, resolution, or rule of the
13 board.

14 (d) Legal title to money and investments in the fund is in
15 the board unless or until paid out as provided by this subchapter
16 or rules of the board.

17 (e) The state treasurer, as custodian, shall administer the
18 funds strictly and solely as provided by this subchapter and in the
19 orders, resolutions, and rules of the board, and the state shall
20 take no action with respect to the fund other than that specified
21 in this subchapter, an agreement made with the Environmental
22 Protection Agency or another federal agency, applicable federal
23 requirements, and the rules of the board.

24 Sec. 15.733. ADMINISTRATION AND OPERATION OF FUND. (a) The
25 board shall administer the fund in accordance with state law, rules^{y/n}
26 of the board, and any federal requirements imposed because of a
27 grant of money to the fund by an agency of the federal government.

1 (b) The board may execute agreements with the Environmental
2 Protection Agency or any other federal agency to establish and
3 administer the fund and may discharge the duties and
4 responsibilities required for the administration of the fund.

5 (c) The fund consists of money derived from federal grants,
6 from earnings on the investment of money credited to the fund, and,
7 at the board's discretion, from any other available source.

8 (d) The board shall deposit money received for repayment of
9 a plumbing assistance loan made to a political subdivision in the
10 fund.

11 (e) At the direction of the governor, any money in the fund
12 may be transferred to the state water pollution control revolving
13 fund under Subchapter J of this chapter.

14 (f) The fund remains available in perpetuity for providing
15 loans under this subchapter, except to the extent that the fund may
16 be reduced or eliminated as provided by this subchapter.

17 Sec. 15.734. USE OF FUND. The board may use money in the
18 fund, unless prohibited by an agreement made with a federal agency
19 under this subchapter, to:

20 (1) make a plumbing assistance loan;
21 (2) administer the fund; and
22 (3) grant or lend money to a political subdivision to
23 defray the political subdivision's expenses incurred in ³/₄
24 administering a plumbing improvement loan program.

25 Sec. 15.735. APPLICATION SUBMISSION AND APPROVAL. (a) A
26 political subdivision located in the county of Brewster, Cameron,
27 El Paso, Hidalgo, Hudspeth, Maverick, Presidio, Starr, Terrell, Val

1 Verde, Webb, or Zapata in which residences do not have water or
2 wastewater facilities that meet minimum standards established by
3 the Texas Department of Health or the Texas Water Commission or in
4 any other area designated by federal law to benefit from the fund
5 may submit to the board an application for a plumbing assistance
6 loan in accordance with rules adopted by the board. The
7 application must include:

8 (1) the legal name of the political subdivision and a
9 citation to the law under which it operates and was created;

10 (2) a description of the water conservation methods to
11 be used in the provision of water and wastewater service in the
12 area the political subdivision proposes to affect by its plumbing
13 improvement loan program;

14 (3) a map showing the location of the area the
15 political subdivision proposes to affect by its plumbing
16 improvement loan program;

17 (4) a description of the subdivision's proposed
18 plumbing improvement loan program; and

19 (5) other information as required by board rule.

20 (b) The board may approve a plumbing assistance loan to a
21 political subdivision only if the political subdivision is in a
22 county that has adopted the model rules developed under Section
23 16.343 of this code. The board may approve a plumbing assistance
24 loan to a municipality only if the municipality has adopted the
25 model rules developed under Section 16.343 of this code.

26 (c) The board may approve a plumbing assistance loan to a
27 political subdivision only if the political subdivision is^h or is

1 in an area within the jurisdiction of an authorized agent of the
2 Texas Department of Health under Subchapter C, Chapter 366, Health
3 and Safety Code.

4 (d) The board may not approve an application for a plumbing
5 assistance loan to a political subdivision unless the board finds
6 that the political subdivision is financially capable of managing a
7 plumbing improvement loan program and that the public interest will
8 be served by the plumbing assistance loan.

9 (e) The board shall set interest rates to be charged to
10 political subdivisions on plumbing assistance loans.

11 Sec. 15.736. POLITICAL SUBDIVISION PLUMBING IMPROVEMENT LOAN
12 PROGRAM ADMINISTRATION; PLUMBING ASSISTANCE LOAN REPAYMENT. (a) A
13 political subdivision that receives a plumbing assistance loan
14 shall establish and administer a program to make plumbing
15 improvement loans to individuals at an interest rate lower than the
16 current market rate, including charging no interest.

17 (b) A political subdivision may use the proceeds from a
18 plumbing assistance loan to make a plumbing improvement loan to be
19 used to pay: $\frac{5}{6}$

20 (1) costs to connect a residence to a water
21 distribution system;

22 (2) costs to provide yard service connections;

23 (3) costs to provide a residence with indoor plumbing
24 facilities and fixtures;

25 (4) costs of connecting a residence to a sewer
26 collection system or of providing a residence with a suitable
27 on-site wastewater disposal system for the residence to meet

1 applicable county or municipal code requirements;

2 (5) costs of building improvements or correction of
3 building deficiencies necessary to allow plumbing to be installed
4 in a residence;

5 (6) necessary connection fees and permit fees; or

6 (7) necessary costs of design related to plumbing
7 improvements.

8 (c) The political subdivision shall repay its plumbing
9 assistance loan from the money it receives as repayment of plumbing
10 improvement loans it has made. To the extent the political
11 subdivision is unable to collect the payments on its plumbing
12 improvement loans made from the proceeds of a plumbing assistance
13 loan, the political subdivision is not obligated to repay a
14 plumbing assistance loan.

15 (d) A political subdivision shall use all reasonable means
16 to collect payments on plumbing improvement loans. The board may
17 bring a mandamus action in a district court in Travis County^{or}
18 may^{v/}use any other legal means^o to compel a political subdivision to
19 take action to collect plumbing improvement loan payments.

20 Sec. 15.737. RULES. The board may adopt rules necessary to
21 carry out this subchapter.

22 SECTION 2. The importance of this legislation and the
23 crowded condition of the calendars in both houses create an
24 emergency and an imperative public necessity that the
25 constitutional rule requiring bills to be read on three several
26 days in each house be suspended, and this rule is hereby suspended,
27 and that this Act take effect and be in force from and after its

C.S.S.B. No. 1195

1 passage, and it is so enacted.

April 23 1991 Engrossed

Engrossing Clerk

1991 APR 30 PM 4:10

HOUSE OF REPRESENTATIVES

I certify that the attached is a true and correct

copy of SB 1195, which was

received from the Senate APR 24 1991 and

referred to the Committee on

Chief Clerk of the House

S.B. No. 1195

By: Montford, et al.

(Oliveira)

A BILL TO BE ENTITLED

AN ACT

relating to the creation and administration of a loan program to assist residential plumbing improvements in certain economically distressed areas.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 15, Water Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. PLUMBING IMPROVEMENT LOANS

Sec. 15.731. DEFINITIONS. In this subchapter:

(1) "Fund" means the plumbing loan fund.

(2) "Plumbing assistance loan" means a loan provided by the board to a political subdivision for the political subdivision's plumbing improvement loan program.

(3) "Plumbing improvement loan" means a loan provided by a political subdivision to an individual under this subchapter.

(4) "Political subdivision" means a county, a municipality, a nonprofit member-owned, member-controlled water supply corporation organized and operating under Chapter 76, Acts of the 43rd Legislature, 1st Called Session, 1933 (Article 1434a, Vernon's Texas Civil Statutes), or a district or authority created and operating under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution.

(5) "Water conservation" has the meaning assigned by Section 17.921 of this code.

1 Sec. 15.732. PLUMBING LOAN FUND. (a) The plumbing loan
2 fund is created.

3 (b) The fund is held separately from other funds outside the
4 state treasury. The board shall keep and maintain the fund and any
5 accounts established in the fund.

6 (c) At the direction of the board, the fund or accounts in
7 the fund may be kept and held in escrow and in trust by the state
8 treasurer for and on behalf of the board. If the fund or accounts
9 in the fund are held in escrow and in trust by the state treasurer,
10 the fund or accounts may be used only as provided by this
11 subchapter and, pending their use, shall be invested in authorized
12 investments as provided by any order, resolution, or rule of the
13 board.

14 (d) Legal title to money and investments in the fund is in
15 the board unless or until paid out as provided by this subchapter
16 or rules of the board.

17 (e) The state treasurer, as custodian, shall administer the
18 funds strictly and solely as provided by this subchapter and in the
19 orders, resolutions, and rules of the board, and the state shall
20 take no action with respect to the fund other than that specified
21 in this subchapter, an agreement made with the Environmental
22 Protection Agency or another federal agency, applicable federal
23 requirements, and the rules of the board.

24 Sec. 15.733. ADMINISTRATION AND OPERATION OF FUND. (a) The
25 board shall administer the fund in accordance with state law, rules

1 of the board, and any federal requirements imposed because of a
2 grant of money to the fund by an agency of the federal government.

3 (b) The board may execute agreements with the Environmental
4 Protection Agency or any other federal agency to establish and
5 administer the fund and may discharge the duties and
6 responsibilities required for the administration of the fund.

7 (c) The fund consists of money derived from federal grants,
8 from earnings on the investment of money credited to the fund, and,
9 at the board's discretion, from any other available source.

10 (d) The board shall deposit money received for repayment of
11 a plumbing assistance loan made to a political subdivision in the
12 fund.

13 (e) At the direction of the governor, any money in the fund
14 may be transferred to the state water pollution control revolving
15 fund under Subchapter J of this chapter.

16 (f) The fund remains available in perpetuity for providing
17 loans under this subchapter, except to the extent that the fund may
18 be reduced or eliminated as provided by this subchapter.

19 Sec. 15.734. USE OF FUND. The board may use money in the
20 fund, unless prohibited by an agreement made with a federal agency
21 under this subchapter, to:

- 22 (1) make a plumbing assistance loan;
23 (2) administer the fund; and
24 (3) grant or lend money to a political subdivision to
25 defray the political subdivision's expenses incurred in

1 administering a plumbing improvement loan program.

2 Sec. 15.735. APPLICATION SUBMISSION AND APPROVAL. (a) A
3 political subdivision located in the county of Brewster, Cameron,
4 El Paso, Hidalgo, Hudspeth, Maverick, Presidio, Starr, Terrell, Val
5 Verde, Webb, or Zapata in which residences do not have water or
6 wastewater facilities that meet minimum standards established by
7 the Texas Department of Health or the Texas Water Commission or in
8 any other area designated by federal law to benefit from the fund
9 may submit to the board an application for a plumbing assistance
10 loan in accordance with rules adopted by the board. The
11 application must include:

12 (1) the legal name of the political subdivision and a
13 citation to the law under which it operates and was created;

14 (2) a description of the water conservation methods to
15 be used in the provision of water and wastewater service in the
16 area the political subdivision proposes to affect by its plumbing
17 improvement loan program;

18 (3) a map showing the location of the area the
19 political subdivision proposes to affect by its plumbing
20 improvement loan program;

21 (4) a description of the subdivision's proposed
22 plumbing improvement loan program; and

23 (5) other information as required by board rule.

24 (b) The board may approve a plumbing assistance loan to a
25 political subdivision only if the political subdivision is in a

1 county that has adopted the model rules developed under Section
2 16.343 of this code. The board may approve a plumbing assistance
3 loan to a municipality only if the municipality has adopted the
4 model rules developed under Section 16.343 of this code.

5 (c) The board may approve a plumbing assistance loan to a
6 political subdivision only if the political subdivision is or is in
7 an area within the jurisdiction of an authorized agent of the Texas
8 Department of Health under Subchapter C, Chapter 366, Health and
9 Safety Code.

10 (d) The board may not approve an application for a plumbing
11 assistance loan to a political subdivision unless the board finds
12 that the political subdivision is financially capable of managing a
13 plumbing improvement loan program and that the public interest will
14 be served by the plumbing assistance loan.

15 (e) The board shall set interest rates to be charged to
16 political subdivisions on plumbing assistance loans.

17 Sec. 15.736. POLITICAL SUBDIVISION PLUMBING IMPROVEMENT LOAN
18 PROGRAM ADMINISTRATION; PLUMBING ASSISTANCE LOAN REPAYMENT. (a) A
19 political subdivision that receives a plumbing assistance loan
20 shall establish and administer a program to make plumbing
21 improvement loans to individuals at an interest rate lower than the
22 current market rate, including charging no interest.

23 (b) A political subdivision may use the proceeds from a
24 plumbing assistance loan to make a plumbing improvement loan to be
25 used to pay:

1 (1) costs to connect a residence to a water
2 distribution system;

3 (2) costs to provide yard service connections;

4 (3) costs to provide a residence with indoor plumbing
5 facilities and fixtures;

6 (4) costs of connecting a residence to a sewer
7 collection system or of providing a residence with a suitable
8 on-site wastewater disposal system for the residence to meet
9 applicable county or municipal code requirements;

10 (5) costs of building improvements or correction of
11 building deficiencies necessary to allow plumbing to be installed
12 in a residence;

13 (6) necessary connection fees and permit fees; or

14 (7) necessary costs of design related to plumbing
15 improvements.

16 (c) The political subdivision shall repay its plumbing
17 assistance loan from the money it receives as repayment of plumbing
18 improvement loans it has made. To the extent the political
19 subdivision is unable to collect the payments on its plumbing
20 improvement loans made from the proceeds of a plumbing assistance
21 loan, the political subdivision is not obligated to repay a
22 plumbing assistance loan.

23 (d) A political subdivision shall use all reasonable means
24 to collect payments on plumbing improvement loans. The board may
25 bring a mandamus action in a district court in Travis County or may

1 use any other legal means to compel a political subdivision to take
2 action to collect plumbing improvement loan payments.

3 Sec. 15.737. RULES. The board may adopt rules necessary to
4 carry out this subchapter.

5 SECTION 2. The importance of this legislation and the
6 crowded condition of the calendars in both houses create an
7 emergency and an imperative public necessity that the
8 constitutional rule requiring bills to be read on three several
9 days in each house be suspended, and this rule is hereby suspended,
10 and that this Act take effect and be in force from and after its
11 passage, and it is so enacted.

HOUSE COMMITTEE REPORT

91 MAY 14 PM 1:25

HOUSE OF REPRESENTATIVES

1st Printing

By: Montford, et al.
(Oliveira)

S.B. No. 1195

A BILL TO BE ENTITLED

AN ACT

relating to the creation and administration of a loan program to assist residential plumbing improvements in certain economically distressed areas.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 15, Water Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. PLUMBING IMPROVEMENT LOANS

Sec. 15.731. DEFINITIONS. In this subchapter:

(1) "Fund" means the plumbing loan fund.

(2) "Plumbing assistance loan" means a loan provided by the board to a political subdivision for the political subdivision's plumbing improvement loan program.

(3) "Plumbing improvement loan" means a loan provided by a political subdivision to an individual under this subchapter.

(4) "Political subdivision" means a county, a municipality, a nonprofit member-owned, member-controlled water supply corporation organized and operating under Chapter 76, Acts of the 43rd Legislature, 1st Called Session, 1933 (Article 1434a, Vernon's Texas Civil Statutes), or a district or authority created and operating under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution.

(5) "Water conservation" has the meaning assigned by Section 17.921 of this code.

1 Sec. 15.732. PLUMBING LOAN FUND. (a) The plumbing loan
2 fund is created.

3 (b) The fund is held separately from other funds outside the
4 state treasury. The board shall keep and maintain the fund and any
5 accounts established in the fund.

6 (c) At the direction of the board, the fund or accounts in
7 the fund may be kept and held in escrow and in trust by the state
8 treasurer for and on behalf of the board. If the fund or accounts
9 in the fund are held in escrow and in trust by the state treasurer,
10 the fund or accounts may be used only as provided by this
11 subchapter and, pending their use, shall be invested in authorized
12 investments as provided by any order, resolution, or rule of the
13 board.

14 (d) Legal title to money and investments in the fund is in
15 the board unless or until paid out as provided by this subchapter
16 or rules of the board.

17 (e) The state treasurer, as custodian, shall administer the
18 funds strictly and solely as provided by this subchapter and in the
19 orders, resolutions, and rules of the board, and the state shall
20 take no action with respect to the fund other than that specified
21 in this subchapter, an agreement made with the Environmental
22 Protection Agency or another federal agency, applicable federal
23 requirements, and the rules of the board.

24 Sec. 15.733. ADMINISTRATION AND OPERATION OF FUND. (a) The
25 board shall administer the fund in accordance with state law, rules

1 of the board, and any federal requirements imposed because of a
2 grant of money to the fund by an agency of the federal government.

3 (b) The board may execute agreements with the Environmental
4 Protection Agency or any other federal agency to establish and
5 administer the fund and may discharge the duties and
6 responsibilities required for the administration of the fund.

7 (c) The fund consists of money derived from federal grants,
8 from earnings on the investment of money credited to the fund, and,
9 at the board's discretion, from any other available source.

10 (d) The board shall deposit money received for repayment of
11 a plumbing assistance loan made to a political subdivision in the
12 fund.

13 (e) At the direction of the governor, any money in the fund
14 may be transferred to the state water pollution control revolving
15 fund under Subchapter J of this chapter.

16 (f) The fund remains available in perpetuity for providing
17 loans under this subchapter, except to the extent that the fund may
18 be reduced or eliminated as provided by this subchapter.

19 Sec. 15.734. USE OF FUND. The board may use money in the
20 fund, unless prohibited by an agreement made with a federal agency
21 under this subchapter, to:

- 22 (1) make a plumbing assistance loan;
23 (2) administer the fund; and
24 (3) grant or lend money to a political subdivision to
25 defray the political subdivision's expenses incurred in

1 administering a plumbing improvement loan program.

2 Sec. 15.735. APPLICATION SUBMISSION AND APPROVAL. (a) A
3 political subdivision located in the county of Brewster, Cameron,
4 El Paso, Hidalgo, Hudspeth, Maverick, Presidio, Starr, Terrell, Val
5 Verde, Webb, or Zapata in which residences do not have water or
6 wastewater facilities that meet minimum standards established by
7 the Texas Department of Health or the Texas Water Commission or in
8 any other area designated by federal law to benefit from the fund
9 may submit to the board an application for a plumbing assistance
10 loan in accordance with rules adopted by the board. The
11 application must include:

12 (1) the legal name of the political subdivision and a
13 citation to the law under which it operates and was created;

14 (2) a description of the water conservation methods to
15 be used in the provision of water and wastewater service in the
16 area the political subdivision proposes to affect by its plumbing
17 improvement loan program;

18 (3) a map showing the location of the area the
19 political subdivision proposes to affect by its plumbing
20 improvement loan program;

21 (4) a description of the subdivision's proposed
22 plumbing improvement loan program; and

23 (5) other information as required by board rule.

24 (b) The board may approve a plumbing assistance loan to a
25 political subdivision only if the political subdivision is in a

1 county that has adopted the model rules developed under Section
2 16.343 of this code. The board may approve a plumbing assistance
3 loan to a municipality only if the municipality has adopted the
4 model rules developed under Section 16.343 of this code.

5 (c) The board may approve a plumbing assistance loan to a
6 political subdivision only if the political subdivision is or is in
7 an area within the jurisdiction of an authorized agent of the Texas
8 Department of Health under Subchapter C, Chapter 366, Health and
9 Safety Code.

10 (d) The board may not approve an application for a plumbing
11 assistance loan to a political subdivision unless the board finds
12 that the political subdivision is financially capable of managing a
13 plumbing improvement loan program and that the public interest will
14 be served by the plumbing assistance loan.

15 (e) The board shall set interest rates to be charged to
16 political subdivisions on plumbing assistance loans.

17 Sec. 15.736. POLITICAL SUBDIVISION PLUMBING IMPROVEMENT LOAN
18 PROGRAM ADMINISTRATION; PLUMBING ASSISTANCE LOAN REPAYMENT. (a) A
19 political subdivision that receives a plumbing assistance loan
20 shall establish and administer a program to make plumbing
21 improvement loans to individuals at an interest rate lower than the
22 current market rate, including charging no interest.

23 (b) A political subdivision may use the proceeds from a
24 plumbing assistance loan to make a plumbing improvement loan to be
25 used to pay:

1 (1) costs to connect a residence to a water
2 distribution system;

3 (2) costs to provide yard service connections;

4 (3) costs to provide a residence with indoor plumbing
5 facilities and fixtures;

6 (4) costs of connecting a residence to a sewer
7 collection system or of providing a residence with a suitable
8 on-site wastewater disposal system for the residence to meet
9 applicable county or municipal code requirements;

10 (5) costs of building improvements or correction of
11 building deficiencies necessary to allow plumbing to be installed
12 in a residence;

13 (6) necessary connection fees and permit fees; or

14 (7) necessary costs of design related to plumbing
15 improvements.

16 (c) The political subdivision shall repay its plumbing
17 assistance loan from the money it receives as repayment of plumbing
18 improvement loans it has made. To the extent the political
19 subdivision is unable to collect the payments on its plumbing
20 improvement loans made from the proceeds of a plumbing assistance
21 loan, the political subdivision is not obligated to repay a
22 plumbing assistance loan.

23 (d) A political subdivision shall use all reasonable means
24 to collect payments on plumbing improvement loans. The board may
25 bring a mandamus action in a district court in Travis County or may

1 use any other legal means to compel a political subdivision to take
2 action to collect plumbing improvement loan payments.

3 Sec. 15.737. RULES. The board may adopt rules necessary to
4 carry out this subchapter.

5 SECTION 2. The importance of this legislation and the
6 crowded condition of the calendars in both houses create an
7 emergency and an imperative public necessity that the
8 constitutional rule requiring bills to be read on three several
9 days in each house be suspended, and this rule is hereby suspended,
10 and that this Act take effect and be in force from and after its
11 passage, and it is so enacted.

COMMITTEE AMENDMENT NO. 1

BY Yost

1 Amend SB 1195 as follows:

2 On page 3, lines 7-9, substitute the following for Sec. 15.733

3 (c):

4 (c) The fund consists of money derived only from federal grants

5 and from earnings on the investment of money credited to the

6 fund.

78

COMMITTEE REPORT

The Honorable Gib Lewis
Speaker of the House of Representatives

May 13, 1991
(date)

Sir:
We, your COMMITTEE ON NATURAL RESOURCES,
to whom was referred SB 1195 have had the same under consideration and beg to report
(measure)

back with the recommendation that it

() do pass, without amendment.

(x) do pass, with amendment(s).

() do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. (x) yes () no

An author's fiscal statement was requested. () yes (x) no

A criminal justice policy impact statement was requested. () yes (x) no

An equalized educational funding impact statement was requested. () yes (x) no

An actuarial analysis was requested. () yes (x) no

A water development policy impact statement was requested. () yes (x) no

A federal funds impact statement was requested. () yes (x) no

() The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

This measure () proposes new law. (x) amends existing law.

House Sponsor of Senate Measure Oliveira

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Lewis, R., Ch.	x			
Willy, V.C.				x
Collazo, C.B.O.				x
Bosse	x			
Greenberg	x			
Haggerty	x			
Hilderbran				x
Puente	x			
Yost	x			

Total

6 aye

0 nay

0 present, not voting

3 absent

Gib Lewis
CHAIRMAN

Deborah K. McCall
COMMITTEE COORDINATOR

SB 1195
By: Montford
H. Sponsor: R. Oliveira

Committee on
Natural Resources

BILL ANALYSIS

BACKGROUND

The U.S. Congress, by a rider to an appropriations bill, created a program to provide \$15 million for the establishment of a special state revolving fund to provide loans to colonias residents for in-door plumbing and the sewer line from the house to the street.

In January 1990, the governor designated this \$15 million to the Water Development Board for provision of these services. The federal EPA has informed the Board that the EPA and the Board will enter into a grant agreement that will detail how the board will administer the program. This agreement is currently being negotiated.

The Board is concerned that the EPA will insist on conditions in the agreement that will be outside the scope of the Board's present authorizing legislation.

PURPOSE OF THE BILL

This bill is designed to provide enabling legislation that will give the Board the authority to administer the program and to meet conditions that the federal government may require.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 15, Water Code, by adding Subchapter L, by Section:
Sec. 15.731. Definitions.
Sec. 15.732. Creates the plumbing loan fund.
Sec. 15.733. Provides for the board to administer the fund.
Sec. 15.734. Authorizes the board to use the fund to make a plumbing assistance loan, administer the fund and grant money to political subdivisions for plumbing improvement loan programs.
Sec. 15.735. Provides for the application for financial aid and its approval.
Sec. 15.736. Provides for the administration of the plumbing improvement loan program and loan repayment.
Sec. 15.737. Authorizes the board to adopt rules necessary to carry out this subchapter.

SECTION 2. Emergency clause. Effective date: upon passage.

RULEMAKING AUTHORITY

It is the opinion of this committee that this bill delegates rulemaking authority to the Texas Water Development Board in Sec. 15.737 of this Act.

AMENDMENT

Amendment No. 1 amends Section 15.733(c), Water Code, to add that the fund consists only of federal grants and earnings on interest of the fund.

SUMMARY OF COMMITTEE ACTION

Notice was posted in accordance with House Rules, and SB 1195 was heard in a full committee public hearing on May 13, 1991. Testimony was taken in favor of the bill. A witness was present in favor, but did not testify on the bill. A resource witness testified on the bill. An amendment to SB 1195 was laid out and adopted without objection. The motion to report SB 1195, as amended, favorably back to the full House, carried by a vote of 6 ayes, 0 nay, 0 PNV, and 3 absent.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

May 1, 1991

TO: Honorable Ron Lewis, Chair
Committee on Natural Resources
House of Representatives
Austin, Texas

IN RE: Senate Bill No. 1195, as engrossed
By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1195, as engrossed (relating to the creation and administration of a loan program to assist residential plumbing improvements in certain economically distressed areas) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create the Plumbing Loan Fund, outside the state treasury to be administered by the Texas Water Development Board to provide loans to political subdivisions to allow them to make loans to individuals for plumbing improvements. The fund may also be used to pay for the reasonable costs of administering this program, including the administrative expenses of participating political subdivisions.

The fund would consist of money derived from federal, grants, investment earnings on amounts credited to the fund, and, at the board's discretion, from any and all available sources. Repayments of loans to political subdivisions from the fund shall be deposited to the fund. At the direction of the Governor, any money in the fund may be transferred into the State Water Pollution Control Revolving Fund.

Lending rates would be set by the board. A political subdivision receiving financial assistance shall make loans to individuals for plumbing improvements at no interest rate or at interest rates less than current market rates.

Political subdivisions would be required to use all reasonable means to collect payments on loans and shall make repayments of its loan to the board from such collections. To the extent the political subdivision does not receive collections from the individual loans it makes, it need not repay the board for the loan provided them.

A political subdivision located within Cameron, Hidalgo, Zapata, Starr, Webb, Maverick, Val Verde, Terrell, Brewster, Presidio, Hudspeth or El Paso counties in which households do not have water or wastewater facilities meeting the minimum state standards as established by the Texas Department of Health or the Texas Water Commission or in any other area designated by federal law to benefit from the fund may submit to the board on application for a plumbing assistance loan in accordance with rules adopted by the board.

The probable fiscal implication of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Administrative Cost to the State Out of the Plumbing Loan Fund</u>	<u>Probable Loans to Local Units of Government from the Plumbing Loan Fund</u>
1992	\$ 100,000	\$ 3,725,000
1993	100,000	3,725,000
1994	100,000	3,725,000
1995	100,000	3,725,000
1996	100,000	3,725,000

It is estimated 3 to 4% of the amount loaned to units of local governments would be granted or loaned to political subdivisions for administrative expenses incurred in administering a plumbing improvement loan.

Source: Texas Water Development Board; LBB Staff: JO, JWH, DF, JG, CKM

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

April 15, 1991

TO: Honorable John Montford, Chairman
Committee on Finance
Senate Chamber
Austin, Texas

IN RE: Committee Substitute for
Senate Bill No. 1195

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Committee Substitute for Senate Bill No. 1195 (relating to the creation and administration of a loan program to assist residential plumbing improvements in certain economically distressed areas) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create the Plumbing Loan Fund, outside the state treasury to be administered by the Texas Water Development Board to provide loans to political subdivisions to allow them to make loans to individuals for plumbing improvements. The fund may also be used to pay for the reasonable costs of administering this program, including the administrative expenses of participating political subdivisions.

The fund would consist of money derived from federal, grants, investment earnings on amounts credited to the fund, and, at the board's discretion, from any and all available sources. Repayments of loans to political subdivisions from the fund shall be deposited to the fund. At the direction of the Governor, any money in the fund may be transferred into the State Water Pollution Control Revolving Fund.

Lending rates would be set by the board. A political subdivision receiving financial assistance shall make loans to individuals for plumbing improvements at no interest rate or at interest rates less than current market rates.

Political subdivisions would be required to use all reasonable means to collect payments on loans and shall make repayments of its loan to the board from such collections. To the extent the political subdivision does not receive collections from the individual loans it makes, it need not repay the board for the loan provided them.

A political subdivision located within Cameron, Hidalgo, Zapata, Starr, Webb, Maverick, Val Verde, Terrell, Brewster, Presidio, Hudspeth or El Paso counties in which households do not have water or wastewater facilities meeting the minimum state standards as established by the Texas Department of Health or the Texas Water Commission or in any other area designated by federal law to benefit from the fund may submit to the board on application for a plumbing assistance loan in accordance with rules adopted by the board.

The probable fiscal implication of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

Fiscal Year	Probable Administrative Cost to the State Out of the <u>Plumbing Loan Fund</u>	Probable Loans to Local Units of Government from the <u>Plumbing Loan Fund</u>
1992	\$ 100,000	\$ 3,725,000
1993	100,000	3,725,000
1994	100,000	3,725,000
1995	100,000	3,725,000
1996	100,000	3,725,000

It is estimated 3 to 4% of the amount loaned to units of local governments would be granted or loaned to political subdivisions for administrative expenses incurred in administering a plumbing improvement loan.

Source: Texas Water Development Board; LBB Staff: JO, JWH, DF, JG, LC

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

April 10, 1991

TO: Honorable John Montford, Chairman
Committee on Finance
Senate Chamber
Austin, Texas

IN RE: Senate Bill No. 1195
By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1195 (relating to financial assistance for colonias household plumbing improvements) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create the Plumbing Loan Fund, outside the state treasury to be administered by the Texas Water Development Board to provide loans to political subdivisions to allow them to make loans to individuals in colonias for plumbing improvements. The fund may also be used to pay for the reasonable costs of administering this program, including the administrative expenses of participating political subdivisions.

The fund would consist of money derived from federal, grants, investment earnings on amounts credited to the fund, and, at the board's discretion, from any and all available sources. Repayments of loans to political subdivisions from the fund shall be deposited to the fund. At the direction of the Governor, any money in the fund may be transferred into the State Water Pollution Control Revolving Fund.

Lending rates would be set by the board. A political subdivision receiving financial assistance shall make loans to individuals for plumbing improvements in colonias at no interest rate or at interest rates less than current market rates.

Political subdivisions would be required to use all reasonable means to collect payments on loans and shall make repayments of its loan to the board from such collections. To the extent the political subdivision does not receive collections from the individual loans it makes, it need not repay the board for the loan provided them.

Colonias are defined by the bill as those areas located within Cameron, Hidalgo, Zapata, Starr, Webb, Maverick, Val Verde, Terrell, Brewster, Presidio, Hudspeth or El Paso counties in which households do not have water or wastewater facilities meeting the minimum state standards as established by the Texas Department of Health.

The probable fiscal implication of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Administrative Cost to the State Out of the Plumbing Loan Fund</u>	<u>Probable Loans to Local Units of Government from the Plumbing Loan Fund</u>
1992	\$ 100,000	\$ 3,725,000
1993	100,000	3,725,000
1994	100,000	3,725,000
1995	100,000	3,725,000
1996	100,000	3,725,000

It is estimated 3 to 4% of the amount loaned to units of local government; would be used for administrative expenses.

Source: Texas Water Development Board; LBB Staff: JO, JWH, DF, JG, PA

COMMITTEE AMENDMENT NO. 1

BY Yost

1 Amend SB 1195 as follows:

2 On page 3, lines 7-9, substitute the following for Sec. 15.733

3 (c):

4 (c) The fund consists of money derived only from federal grants
5 and from earnings on the investment of money credited to the
6 fund.

18

S.B. No. 1195

By Wm. J. L. L. L.

A BILL TO BE ENTITLED

AN ACT:

relating to financial assistance for colonias household plumbing improvements.

3-8-91

MAR 12 1991

Filed with the Secretary of the Senate

Read and referred to Committee on FINANCE

Reported favorably

APR 16 1991

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

Ordered not printed

APR 23 1991

Laid before the Senate

Senate and Constitutional Rules to permit consideration suspended by:

unanimous consent

____ years, ____ nays

APR 23 1991

Read second time, _____, and ordered engrossed by:

unanimous consent
a viva voce vote

____ years, ____ nays

Caption ordered amended to conform to the body of the bill.

APR 23 1991

Senate and Constitutional 3 Day Rule suspended by a vote of 31 yeas, 0 nays.

APR 23 1991

Read third time, _____, and passed by:

A viva voce vote

31 yeas, 0 nays

Betty King

SECRETARY OF THE SENATE

OTHER ACTION:

April 23, 1991
April 24, 1991

Engrossed

Sent to House

Engrossing Clerk Ratsy L. L.

APR 24 1991

Received from the Senate

APR 30 1991

Read first time and referred to Committee on

Natural Resources

MAY 13 1991

Reported favorably amended sent to Printer at

7:15p

14 May 91

Printed and Distributed

1:25 pm

MAY 15 1991

Sent to Committee on Calendars

7:03 am

Read Second time (amended): passed to third reading (failed)

by (Non-Record Vote) Record Vote of ____ yeas, ____ nays ____ present not voting.

Constitutional Rule requiring bills to be read on three several days suspended (failed to suspend) by a four-fifths vote of ____ yeas, ____ nays ____ present not voting.

Read third time (amended): finally passed (failed) by a (Non-Record Vote) Record Vote of

____ yeas, ____ nays ____ present not voting.

Caption ordered amended to conform to body of bill.

Returned to Senate.

CHIEF CLERK OF THE HOUSE

Returned from House without amendment.

Returned from House with ____ amendments.

Concurred in House amendments by a viva voce vote ____ yeas, ____ nays.

_____ Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

_____ Senate conferees instructed.

_____ Senate conferees appointed: _____, Chairman; _____, _____, and _____

_____ House granted Senate request. House conferees appointed: _____, Chairman; _____, _____, _____, _____.

_____ Conference Committee Report read and filed with the Secretary of the Senate.

_____ Conference Committee Report adopted on the part of the House by: _____

{ a viva voce vote
_____ yeas, _____ nays

_____ Conference Committee Report adopted on the part of the Senate by: _____

{ a viva voce vote
_____ yeas, _____ nays

OTHER ACTION:

_____ Recommitted to Conference Committee

_____ Conferees discharged.

_____ Conference Committee Report failed of adoption by: _____

{ a viva voce vote
_____ yeas, _____ nays

91 MAY 14 PM 1:25
HOUSE OF REPRESENTATIVES